



# CALIFORNIA MINORITY ALLIANCE

April 28, 2020

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The Honorable Councilwoman, Nury Martinez, City Council President  
Honorable Members of the Los Angeles City Council  
Los Angeles City Hall  
200 North Spring Street  
Los Angeles, CA 90012

### **RE: SUPPORT OF CF:14-0366-S31 with AMENDMENTS AS PATHWAY FOR CANNABIS INDUSTRY ABILITY TO REVIVE THE CITY OF LOS ANGELES ECONOMY**

Dear Honorable Councilmembers:

On behalf of the cannabis business owners, applicants, consumers, employees, community allies, and industry stakeholders of other jurisdictions, who make up the membership of the California Minority Alliance ("CMA"), formally **SUPPORT** the passage of **CF-14-0366-S31** "[Creation of ] a draft Ordinance that would create a new process for the City to padlock, barricade or fence property where unlicensed commercial cannabis business activity occurs", **WITH** the outlined emergency amendments as **RULE 16 MOTIONS**.

Although the prevalence of injustice and unfairness in the issuance of the first 100 invoices for Phase 3, Retail licensing Stage 1 process, has led to a legitimacy issue regarding the City's social equity program, the Council has been steadfast on its commitment to eradicate the illicit cannabis market in our City. Inasmuch, the Council enacted ordinance(s) to (i) shut-off power at unlicensed retail sites; (ii) make it unlawful to own or operate an illegal establishment; (iii) make it unlawful to use any portion of any parcel of land as an unlicensed commercial cannabis business activity, (iv) make it unlawful to lease, rent to, or otherwise allow an unlicensed commercial cannabis business activity to occupy any portion of parcel of land a violation of public nuisance<sup>1</sup>; despite these gallant efforts of enforcement alone, the illicit market still flourishes.

In fact, since the passage of such ordinances in December of 2017, unlicensed cannabis businesses have exposed surrounding communities to an epidemic of public safety risks through the sale of unregulated cannabis products, unsafe working conditions, and other vice-related activities associated with criminal activities. Such that, CMA positions that enforcement alone will not remedy a solution of desired outcomes.

10153 1/2 RIVERSIDE DRIVE, SUITE 595, TOLUCA LAKE, CA 91602

**P : (888) 426-2420 | F : (888) 426-2420**  
[www.californiaminorityalliance.com](http://www.californiaminorityalliance.com)

<sup>1</sup> L.A.M.C 104.15 Enforcement and Penalties for Unlawful Cannabis Related Activity § (b)

In other words, CMA supports the padlocking, use of barricade or fence of the property where unlicensed commercial cannabis business activity occurs considering the unsatisfactory outcome of enforcement alone.


With this in mind, CMA understands that enforcement must be coupled with immediate licensing. For instance, seasoned cannabis markets benefit from the synergy of licensing and enforcement. That is, Colorado lawmakers and those in the industry took steps to make sure retail prices would not exceed the illicit market by opening numerous retail facilities simultaneously. Colorado, with a population similar to that of the City of Los Angeles, has active 1,205 retail licenses.<sup>i</sup>

It seems obvious from the growth of tax revenue and the shrinkage of the illicit cannabis market in Colorado, that a combination of aggressive enforcement and licensing yields desired outcomes for both the community and licensed operators.

**In order to achieve such synergy CMA supports the following amendments to CF-14-03660-S31 as RULE 16 MOTION(s) from Council:**

- Direct the Department of Cannabis Regulations (DCR) to DEEM ALL Social Equity Applications that did not violate the September 3, 2019, 10:00 a.m. *entry time* eligible for further processing pursuant Section 104.06, allowing those applicants that violated entry time guidelines to reapply for Round 2. According to the Audit **222** applicants signed-on to the Accela platform and 14 accessed application<sup>1</sup>. CMA recommends All 222 and the 14 must re-submit applications<sup>2</sup>.
- Direct DCR to process Type 9 application processing per L.A.M.C. § 104.06.1(f).
- Direct DCR to process ALL Type 10 Retail Social Equity Applications submitted in compliance with application submission rules (*10: 00 a.m. entry time on September 3, 2019*) pursuant to L.A.M.C. 104.06.01(e). In other words, combine all Rounds of licensing.
- Direct DCR to begin Type 9 Application Processing for all City of Los Angeles Temporary Approved (pursuant L.A.M.C. 104.08) Phase 2 applicants, who have received Bureau of Cannabis Control (BCC) Provisional Licenses ONLY.
- Direct DCR that RETAIL licenses (Type 10) shall be issued to Social Equity Applicants who have complied with All provisions of the licensing application AND received State Licensing Approval of Annual licensing. In other words, Social Equity Retail Licenses shall be issued when an application (1) paid(waiver) all fees, (2) completed local licensing plan(s) including social equity staffing plan, and community engagement plan, (3) the premise is approved for *retail cannabis* business by Buildings and Safety, Fire Department, and Police pursuant L.A.M.C. 104.06 , (3) Applicant has received state approval (*which is required before operations as a matter of statue*).

Sincerely,

  
Tybone Freeman, Executive Director

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<sup>1</sup> Colorado Department of Revenue, Enforcement Division.  
<https://www.colorado.gov/pacific/enforcement/med-licensed-facilities>

<sup>2</sup>20200327 DCR Phase III Round 1 Licensing Performance Audit and Review.  
<https://cannabis.lacity.org/sites/g/files/wph1171/f/DCR%20Phase%20III%20Round%201%20Licensing%20Performance%20Audit%20and%20Review%2003.27.2020.pdf>